



MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY GUIDANCE



July 1, 2021

Credit Union General Powers (Federal Parity)

During the 2021 session, the General Assembly passed House Bill 1004 which becomes effective on July 1, 2021 and revises Md. Code Ann., Financial Institutions (“FI”) § 6-313. As of that date, FI § 6-313 will provide that Maryland state-chartered credit unions can provide the Commissioner of Financial Regulation (“Commissioner”) with written notice at least 45 calendar days before engaging in any activity, service, or other practice authorized under federal law, but not expressly authorized under Maryland law. The revision simplifies the process for Maryland state-chartered credit unions seeking to exercise powers that are authorized to federal credit unions.

Summary

Currently, a Maryland state-chartered credit union must apply to the Commissioner for approval to engage in any additional activity, service or other practice that federal credit unions may engage in under federal law. The Commissioner then reviews the application before determining whether the approval: (1) is reasonably required to protect the welfare of Maryland’s general economy and of credit unions, or (2) is not detrimental to the public interest or to credit unions. If approved, the Commissioner’s approval must impose the same conditions that federal law requires or permits as to federal credit unions.

With the changes that go into effect on July 1, 2021, FI § 6-313 will provide that Maryland state-chartered credit unions are no longer required to apply, but may instead provide the Commissioner with written notice of their intent to engage in federally permissible activities or product offerings. Written notice must be received by the Commissioner, at least 45 calendar days before the credit union engages in any activity, service, or other practice authorized under federal law, but not expressly authorized under Maryland law. The written notice must clearly describe the proposed activity, service, or other practice, and include:

- (1) The date on which the credit union intends to engage in or offer the proposed activity, service or practice;
- (2) the specific federal authority relied upon;
- (3) any condition that federal law requires or allows with respect to federal credit unions engaging in or exercising the proposed activity, service or practice; and
- (4) identification of any known instances of federal credit unions exercising the federally authorized power in Maryland.

Credit Unions may begin to engage in or perform the activity, service, or other practice on the first business day after the 45th calendar day from the date the Office of the Commissioner of Financial Regulation (“OCFR”) receives the required notice unless the Commissioner:

- (1) specifies a different date; or
- (2) prohibits the activity, service, or other practice.

The Commissioner may extend the 45-day period under the law if it is determined that the credit union’s notice requires additional information or additional time for analysis.

The OCFR retains its power to prohibit a credit union from performing the activity, service, or other practice described in the notice if it determines that the same would:

- (1) adversely affect the safety and soundness of the credit union;
- (2) be detrimental to the welfare of the general economy of the State; or
- (3) be detrimental to the public interest or to credit unions.

Notification

A credit union should submit written notification for approval of the proposed activity, service, or other practice with supporting documentation to the attention of the Office of the Commissioner of Financial Regulation.

Requests may be submitted electronically via email to michelle.denoncourt@maryland.gov; or by mail or delivery service to:

Office of the Commissioner of Financial Regulation
Maryland Department of Labor
500 N. Calvert St., Suite 402
Baltimore, MD 21202
Attn: Banking Uniting, Corporate Activities

Contact

For questions about this advisory, please contact Michelle A. Denoncourt, Assistant Commissioner, Corporate Activities by phone at (410) 230-6104 or by email at michelle.denoncourt@maryland.gov.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



Office of the Commissioner of Financial Regulation